

## **FISCAL NOTE**

### **HB 2651 - SB 3080**

February 22, 2008

**SUMMARY OF BILL:** Requires the state to pay for the transportation of students who live within one and one-half miles of their school when special hazard zones are identified as a result of a traffic and engineering investigation. Special hazard zones shall include an absence of sidewalks, a highway with four or more lanes, an intersection where right turn on red is prohibited, where one or more sexual offenders reside, where one or more violent sexual offenders reside, or any other condition which could affect the safety and well-being of children walking to school. Currently state funds do not reimburse local education agencies (LEAs) for transporting students who live within one and one-half miles of their school.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$6,737,000**

**Increase Local Expenditures\* - \$21,400,000/One-Time  
\$5,610,000/Net Recurring**

#### **Assumptions:**

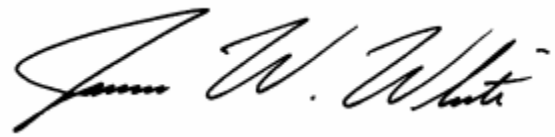
- According to the Comptroller, BEP transportation funding is based on a self-adjusting three-year formula. Transportation funding for the year of implementation would be based on the average of each system's three previous fiscal years of transportation expenditures. Local expenditures will increase immediately to cover the cost of additional buses and personnel. BEP funding will begin an upward adjustment in FY2009-2010 to cover one-third of the additional transportation cost. The BEP will not fully fund the state share until FY2011-2012. LEAs will be reimbursed for their expenditures during the non-fully funded years. BEP transportation funding is split 50/50 between state and local government.
- The state will reimburse LEAs for transportation expenditures outside the BEP at the same 50 percent match rate provided by the BEP. Reimbursement will begin in FY2008-2009. Reimbursement will not cover the one-time cost of purchasing buses.

- In the 2006-2007 school year, 565,654 students living outside one and one-half miles were transported daily out of 945,100 students enrolled. Approximately 60% of all students were transported.
- In 2006-2007, approximately 61,434 students lived within one and one-half miles of their school. The average transportation cost for 2006-2007 was approximately \$367 per student.
- In the absence of relevant state-wide data, it is assumed that 50 percent of the 61,434 students not already being transported will be bused. Approximately 30,717 students living within one and one-half miles would be transported. The cost for 30,717 students will be approximately \$11,273,139 ( $30,717 \times \$367 = \$11,273,139$ ).
- Several rural LEAs already transport students living within one and one-half miles. It is assumed that approximately 10% (6,143) are already being transported. The average cost of transporting 6,143 students is \$2,254,481 ( $6,143 \times \$367 = \$2,254,481$ ). The LEAs will be reimbursed 50 percent of this amount (\$1,127,240), a decrease in local government expenditures of approximately \$1,127,240.
- Total transportation costs will be approximately \$13,527,620 per year ( $\$11,273,139 + \$2,254,481 = \$13,527,620$ ). State expenditures will be approximately \$6,736,810 ( $\$13,527,620 / 2 = \$6,736,810$ ) and net recurring local expenditures will be approximately \$5,609,570 ( $\$6,736,810 - \$1,127,240 = \$5,609,570$ ).
- The number of students living within one and one-half miles varies from LEA to LEA. Urban LEAs will be more affected than rural LEAs. The average cost of a 78-passenger bus is \$77,500. According to the Comptroller, the four largest LEAs estimate a combined cost of \$12,012,500 to purchase 155 buses ( $\$77,500 \times 155 = \$12,012,500$ ). It is assumed that half of the remaining 132 LEAs (66) will need to purchase at least one bus. This cost is estimated to be approximately \$5,115,000 ( $\$77,500 \times 66 = \$5,115,000$ ). The total cost for purchasing buses is estimated to be approximately \$17,127,500 ( $\$12,012,500 + \$5,115,000 = \$17,127,500$ ).
- There are 1,709 schools in Tennessee. According to the Department of Transportation, every school will be screened for hazards and the cost of an investigation will be a one-time local expenditure. The cost of an engineering and traffic study is estimated to be a minimum of \$2,500 per study. The total cost of conducting a traffic and engineering study at every school is estimated to be \$4,272,500 ( $1709 \text{ schools} \times \$2,500 = \$4,272,500$ ).
- Total local one-time expenditures for buses and traffic studies are estimated to be approximately \$21,400,000 ( $\$17,127,500 + \$4,272,500 = \$21,400,000$ ). This cost will be incurred in FY2008-2009.
- According to the Department of Transportation, any cost to review traffic and engineering studies will be not significant.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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